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AN ACT

RELATING TO PUBLIC EMPLOYEES; AMENDING THE PUBLIC EMPLOYEES  
RETIREMENT ACT; PROVIDING FOR PURCHASE OF SERVICE CREDIT OF ONE  
YEAR BY ANY MEMBER; CHANGING THE PURCHASE COST OF SERVICE CREDIT  
FOR LEGISLATOR MEMBERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 10-11-7 NMSA 1978 (being Laws 1987, Chapter 253,  
Section 7, as amended) is amended to read:

"10-11-7. CREDITED SERVICE--PURCHASE OF SERVICE.--

A. A member who entered a uniformed service of the United States  
may purchase service credit for periods of active duty in the uniformed services  
subject to the following conditions:

- (1) the member pays the association the purchase cost  
determined according to Subsection E of this section;
- (2) the member has five or more years of service credit  
acquired as a result of personal service rendered in the employ of an affiliated public  
employer;
- (3) the aggregate amount of service credit purchased pursuant  
to this subsection does not exceed five years reduced by any period of service credit  
acquired for military service pursuant to any other provision of the Public Employees  
Retirement Act;
- (4) service credit may not be purchased for periods of service  
in the uniformed services that are used to obtain or increase a benefit from another  
retirement program; and
- (5) the member must not have received a discharge or  
separation from uniformed service under other than honorable conditions.

B. A member who was a civilian prisoner of war captured while in  
service to the United States as an employee of the federal government or as an

1 employee of a contractor with the federal government may purchase service credit for  
2 the period of internment as a civilian prisoner of war, provided that:

3 (1) the member provides proof of employment with the federal  
4 government or as a contractor to the federal government in a form acceptable to the  
5 association;

6 (2) the member provides proof of the period of internment in a  
7 form acceptable to the association;

8 (3) the member has at least five years of service credit  
9 acquired as a result of personal service rendered in the employ of an affiliated public  
10 employer;

11 (4) the aggregate amount of service credit purchased pursuant  
12 to this subsection does not exceed five years reduced by any period of service credit  
13 acquired for military service pursuant to any other provision of the Public Employees  
14 Retirement Act;

15 (5) service credit may not be purchased for periods of service  
16 in internment as a civilian prisoner of war if such periods are used to obtain or  
17 increase a benefit from another retirement program; and

18 (6) the member pays the association the purchase cost  
19 determined according to Subsection E of this section.

20 C. A member who was employed by a utility company, library, museum,  
21 transit company or by a nonprofit organization administering federally funded public  
22 service programs, which utility company, library, museum, transit company or nonprofit  
23 organization administering federally funded public service programs or federally  
24 funded public service programs administered by a nonprofit organization are  
25 subsequently taken over by an affiliated public employer, or a member who was  
employed by an entity created pursuant to a joint powers agreement between two or  
more affiliated public employers for the purpose of administering or providing drug or  
alcohol addiction treatment services irrespective of whether the entity is subsequently  
taken over by an affiliated public employer, may purchase credited service for the

1 period of employment subject to the following conditions:

2 (1) the member pays the association the purchase cost  
3 determined according to Subsection E of this section;

4 (2) the member has five or more years of credited service  
5 acquired as a result of personal service rendered in the employ of an affiliated public  
6 employer; and

7 (3) the aggregate amount of credited service purchased  
8 pursuant to this subsection does not exceed five years.

9 D. A member who was appointed to participate in a cooperative work  
10 study training program established jointly by the state highway and transportation  
11 department and the university of New Mexico or New Mexico state university may  
12 purchase credited service for the period of participation subject to the following  
13 conditions:

14 (1) the member pays the association the purchase cost  
15 determined according to Subsection E of this section;

16 (2) the member has five or more years of credited service  
17 acquired as a result of personal service rendered in the employ of an affiliated public  
18 employer; and

19 (3) the aggregate amount of credited service purchased  
20 pursuant to this subsection does not exceed five years.

21 E. Except for service to be used under a state legislator coverage  
22 plan, the purchase cost for each month of credited service purchased pursuant to the  
23 provisions of this section is equal to the member's final average salary multiplied by  
24 the sum of the member contribution rate and employer contribution rate, determined in  
25 accordance with the coverage plan applicable to the member at the time of the written  
election to purchase. The purchase cost for each year of credited service to be used  
under a state legislator coverage plan is equal to three times the normal member  
contribution per year of credited service under the state legislator coverage plan  
applicable to the member. Full payment shall be made in a single lump sum within

1 sixty days of the date the member is informed of the amount of the payment. The  
2 portion of the purchase cost derived from the employer contribution rate shall be  
3 credited to the employers accumulation fund and shall not be paid out of the  
4 association in the event of cessation of membership. In no case shall a member be  
5 credited with a month of service for less than the purchase cost as defined in this  
6 section.

7 F. A member shall be refunded, upon written request filed with the  
8 association, the portion of the purchase cost of credited service purchased pursuant  
9 to this section that the association determines to have been unnecessary to provide  
10 the member with the maximum pension applicable to the member. The association  
11 shall not pay interest on the portion of the purchase cost refunded to the member.

12 G. A member of the magistrate retirement system who during his  
13 service as a magistrate was eligible to become a member of the public employees  
14 retirement system and elected not to become a member of that system may purchase  
15 service credit pursuant to the public employees retirement system for the period for  
16 which the magistrate elected not to become a public employees retirement system  
17 member, by paying the amount of the increase in the actuarial present value of the  
18 magistrate pension as a consequence of the purchase as determined by the  
19 association. Full payment shall be made in a single lump-sum amount in accordance  
20 with procedures established by the retirement board. Except as provided in  
21 Subsection F of this section, seventy-five percent of the purchase cost shall be  
22 considered to be employer contributions and shall not be refunded to the member in  
23 the event of cessation of membership.

24 H. At any time prior to retirement, any member may purchase service  
25 credit in monthly increments, subject to the following conditions:

(1) the member has at least five years of service credit  
acquired as a result of personal service rendered in the employ of an affiliated public  
employer;

(2) the aggregate amount of service credit purchased

1 pursuant to this subsection does not exceed one year reduced by any period of  
2 service credit acquired for service pursuant to any other provision of the Public  
3 Employees Retirement Act;

4 (3) the member pays full actuarial present value of the amount  
5 of the increase in the employee's pension as a consequence of the purchase as  
6 determined by the association;

7 (4) the member pays the full cost of the purchase within sixty  
8 days of the date the member is informed of the amount of the payment; and

9 (5) the purchase of service under this subsection cannot be  
10 used to determine the final average salary, the pension factor or the pension  
11 maximum."

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